

November 20, 2003

Docket Unit
California Energy Commission
1516 9th Street, MS-4
Sacramento, CA 95841

Re: Docket No. 03-CRS-01: Comments of the Joint Parties Interested in Distributed Generation/Distributed Energy Resources on the Proposed CRS Exemption Application Form.

Dear Sir, Madam

The Joint Parties Interested in Distributed Generation/Distributed Energy Resources (Joint Parties¹) appreciate this opportunity to comment on the Draft Final CRS Exemption Application form.

Joint parties believe that the form captures most, but not all, of the information Utilities will need to determine eligibility for the CRS exemption. Specifically, the form does not collect sufficient information to enable the utility to determine whether or not the facilities meets the requirements established by Commission regulation Sec 1395.3 (2)(A)

“(2) Automatically grant Full CRS Exemption if the Customer is:
(A) Eligible for participation in the CPUC’s Self Generation Incentive Program”

The Draft Final CRS Exemption Application Form does not provide for this provision of the regulation. Instead, at Part 4, 4 the Form addresses the question of eligibility for financial incentives rather than eligibility for participation in the CPUC Self-Generation Incentive Program. Moreover, the form implies an even more restrictive condition for eligibility by requiring the applicant to provide a copy of the “Reservation Confirmation Incentive Claim Form” to validate eligibility within this criterion. Since the Reservation Confirmation Incentive Claim Form is received only when a financial award is made, it would require the customer to have received an award in order to be eligible for the CRS exemption. Neither the requirement to be eligible for financial incentives nor the existence of the “Reservation Confirmation Incentive Claim Form” is consistent with the regulatory requirement that the customer is “...Eligible for participation in the CPUC’s Self Generation Incentive Program”.

Joint Parties explained in its Comments on the Commission’s Proposed Regulations, October 9, 2003 how these different terms and conditions have different practical effects

¹ The Joint Parties comprise Capstone Turbine Corporation, Chevron Energy Solutions, Cummins Cal-Pacific, Cummins West, Inc., Hess Microgen, Ingersoll Rand, next>edge, Inc., Northern Power Systems, Inc., Real Energy, Inc., Stewart and Stevens, and Solar Turbines, Inc.

and how a requirement to either receive a financial incentive or to be eligible for an incentive are inconsistent with CPUC Decision 03-04-030. Equally, Part 4,4 of the Final Draft CRS Exemption Application Form would conflict with the clear intent of the Commission's regulations Sec 1395(2)(A). In order to ensure that the Form is consistent with the Commissions regulations, Joint Parties propose the following modifications to Part 4, 4.

4. Will the Generating Facility be less than 1 MW in size and be eligible for participation in the CPUC's Self Generation Incentive Program or eligible to participate in the CEC's incentive programs.

___ Yes – Either

1. Provide a copy of the "Reservation Confirmation Incentive Claim Form" or attach a copy of the CEC Incentive documentation you received from the CEC, or:
2. Complete Part 7 of this form.

___ No.

Part 7 is appended to this letter and provides for all the additional information required to determine whether a generating facility meets the eligibility criteria of the incentive programs and therefore qualifies for a CSR exemption.

The Joint Parties appreciate this opportunity to provide comments on the Final Draft Form. We respectfully request that the modifications to the form proposed here be adopted.

Please contact me at (818) 734-5455 or kduggan@capstoneturbine.com if you have any questions.

Yours truly

A handwritten signature in black ink, appearing to read "KG Duggan", followed by a horizontal line.

Kevin Duggan

Part 7 – Declaration in Support of Exemption because the facility meets the California Self-Generation Incentive Program Eligibility Criteria

This Declaration documents assertions by _____ (“Customer”) that the Generating Facility meets the California Self-generation Incentive Program Eligibility Criteria and therefore qualifies for an exemption from Departing Load Charges pursuant to Decision 03-04-030 . Customer understands that the information provided below has a direct and material bearing on meeting legal requirements for the exemption. Customer agrees to inform the Utility at the address specified below within 30 days should any of the information contained herein become outdated or inaccurate at any time during the Generating Facility’s operation.

Host Customer highest peak demand over the past 12 months:	_____ kW
Existing Demand Reduction Obligation (from other interruptible/curtailmeable/demand reduction programs or utility tariffs)	- (_____) kW
Estimated Future Added Demand (Provide documentation supporting added demand estimates	+ _____ kW
Net Host Customer Peak Demand	= _____ kW
Demand Reduction Program/Tariff:	= _____ kW

- Copy of Utility Electric Bill
- Proof of adequate renewable fuel resources (Level 1 fuels cells and Level 3-R technologies only)
- Proof of power factor eligibility
- Proof of Warranty requirements
- Waste Heat Recovery Calculation (see part 6) (level 2 and 3-N technologies only)